

Information Regarding PNE and the Competitive Electric Market

The PNE Situation

Toward the end of January, the wholesale electricity market experienced significant spikes in pricing. Wholesale market prices increased from an average of 4.5 cents per kWh to nearly 30 cents per kWh, where they lingered for two separate weeks at the end of January and again in the middle of February. As a result of the sharp increase in market prices, PNE experienced financial difficulty. In order to minimize impact on its customers, PNE met with FairPoint Energy to discuss transferring customers and preserving their continued service at the rates in their contracts with PNE. PNE and FairPoint reached an agreement, and, soon after, the two companies made arrangements to begin transferring customers between the two suppliers. It was during this period of customer transfer that the market experienced the worst of the price increases. PNE had insufficient price protection in place for this event, and PNE's cash reserves were depleted. As a result, PNE was unable to meet its financial assurance obligations to the New England Independent System Operator (ISO-NE). When an electricity supplier can no longer meet its financial obligations at ISO-NE, ISO-NE automatically sends the electric supplier's customers back to their local utility company for default energy service. PNE requested all remaining customers be switched to FairPoint in bulk rather than on the individual customer meter read dates. This is why some of PNE's customers were successfully transferred to FairPoint while others were transferred to PSNH.

What Does the Future Hold for Competition in New Hampshire?

PNE's situation was caused by a spike in market prices that had not been experienced in recent years. It should not be assumed, however, that competitive suppliers are unstable or that this type of scenario will be a regular occurrence. Whether you choose to buy from PNE, another competitive supplier or stay with your utility as your default energy service provider in the future, competitive choice provides customers with options for their electric supply service. Competitive electric choice is positive for the State of New Hampshire and has led to real savings for residents and businesses alike.

Over 50,000 customers have now made the change away from their electric utility as their default energy service provider and that number is growing every day. An active competitive electric supply market benefits the state of New Hampshire and its residents. This market has a lot of promise and opportunity for New Hampshire's rate payers.

What Becomes of PNE?

There are currently fourteen registered providers of competitive energy supply, and PNE will continue to be one of those providers. There are lessons to be learned from this experience, and PNE apologizes to its customers for any confusion or inconvenience that may have been caused.